

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 L-03 FTC-01 JUSE-00
COME-00 AID-05 CEA-01 CIAE-00 FRB-01 INR-07 IO-14
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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

INFO AMEMBASSY PARIS

UNCLAS STATE 161352

USOECD

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: ANTITRUST: FTC INVESTIGATION OF NEEDLE BEARING
INDUSTRY

1. FEDERAL TRADE COMMISSION (FTC) BEGAN AN INVESTIGATION
INTO THE NEEDLE BEARING INDUSTRY LATE IN 1976 TO DETERMINE
IF THERE HAS BEEN ANY VIOLATIONS OF SECTION 5 OF THE
FEDERAL TRADE COMMISSION ACT, PARTICULARLY RESTRICTIVE
AGREEMENTS, UNDERSTANDINGS OR PRACTICES, INCLUDING THOSE
RELATED TO PRODUCTION AND PRICES.

2. NIPPON SEIKO KABUSHI KAISHA (NSKK), A JAPANESE COMPANY,
AND INGERSOLL-RAND, AN AMERICAN COMPANY, EACH OWN 48
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PERCENT OF A JOINT VENTURE COMPANY KNOWN AS NSK TORRINGTON
WHICH MANUFACTURES NEEDLE BEARINGS IN JAPAN. FTC HAS
SUBPOENAED BOTH INGERSOLL-RAND AND NSKK FOR INFORMATION
CONCERNING THE ORGANIZATION AND OPERATION OF THIS JOINT
VENTURE AND IS PARTICULARLY INTERESTED IN WHETHER ANY
ANTICOMPETITIVE AGREEMENTS, HAVE BEEN REACHED BETWEEN NSKK
AND INGERSOLL-RAND. THE INVESTIGATION SEEKS INFORMATION AS

TO POTENTIAL VIOLATIONS OF BOTH SECTION 5 OF THE FTC ACT AND SECTION 7 OF THE CLAYTON ACT IN THE NEEDLE BEARING INDUSTRY, BOTH BY MEANS OF UNFAIR METHODS OF COMPETITION AND COMBINATIONS, SUCH AS JOINT VENTURES WHICH MAY RESTRAIN COMPETITION.

3. THE SUBPOENA TO NSKK WAS SERVED THROUGH ONE OF ITS DIRECTORS, JUNICHI NAGAI, WHO IS AN OFFICER OF HOOVER-SNK BERING COMPANY OF ANN ARBOR, MICHIGAN, ONE OF NSKK'S SUBSIDIARIES. MR. NAGAI RESIDES IN ANN ARBOR, ALTHOUGH HE IS A JAPANESE CITIZEN.

4. BOTH NSKK AND INGERSOLL-RAND HAVE DECLINED TO COMPLY WITH THE SUBPOENAS AND HAVE MOVED BEFORE THE FTC TO HAVE THEM QUASHED. THOSE MOTIONS ARE NOW PENDING. SHOULD THE COMMISSION DENY THESE MOTIONS AND THE COMPANIES CONTINUE THEIR REFUSAL TO RESPOND, IT IS LIKELY THAT JUDICIAL ENFORCEMENT MAY BE SOUGHT.

5. EMBASSY IS REQUESTED TO INFORM THE SECOND INTERNATIONAL ORGANIZATION OF THE FOREIGN MINISTRY OF THE ABOVE IN ACCORDANCE WITH THE 1976 OECD NOTIFICATION OF RESTRICTIVE BUSINESS PRACTICE ACTIONS INVOLVING THE SUBSTANTIAL INTERESTS OF OTHER MEMBER STATES. PLEASE REPORT ANY REACTIONS. VANCE

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Message Attributes

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